



31 July 2024

WisdomTree Crypto Monthly



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July 2024 Overview

WisdomTree published four crypto blogs in July 2024:

+ [May 2024 crypto basket rebalance](#)

Crypto basket ETPs provide institutional investors with a strategic entry into the cryptocurrency market without the need to forecast the success of specific assets. WisdomTree's meticulous rebalance procedures facilitated the seamless transition, which included substituting Cosmos (ATOM) with Chainlink (LINK).

+ [Time to explore the Ethereum basis trade](#)

It is time for investors to start exploring Ethereum basis trade as Bitcoin basis trade will go away.

+ [Bitcoin halving and mining update: mid-2024 perspective](#)

Bitcoin's recent halving reduced block rewards and, as a result, tightened supply. Based on historical halvings, investors should remain patient, as any significant price changes may take months to occur after the event. As a result, the mining industry is adapting through consolidation and efficiency improvements. Nimble firms with greater computational power and healthy balance sheets will likely continue their dominance amidst an increasingly competitive environment.

+ [What's Hot: U.S. Crypto Investors Finally Have a Choice](#)

Year-to-date, crypto ETPs have experienced net inflows of nearly USD 18 billion globally with bitcoin exposure receiving most of them. Spot Ethereum ETFs were recently listed in the U.S. which could also open the door to sizeable flows into Ethereum.

Flows and AUM

Crypto ETPs domiciled in Europe

In USDm		AUM	1M Flows	YTD Flows
Bitcoin	Physical	4,749	-66	-299
Bitcoin	Synthetic	2,121	-8	-277
Ethereum	Physical	1,357	130	148
Ethereum	Synthetic	1,136	-4	-103
Solana	Physical	1,480	25	71
Crypto Basket	Physical	1,282	54	155
Other Single Coin	Physical	977	21	154
Cardano	Physical	56	2	11
Polkadot	Physical	40	1	25
Total		13,197	155	-114

Crypto ETFs domiciled in the U.S.

In USDm		AUM	1M Flows	YTD Flows
Bitcoin	Physical	60,121	3,178	17,697
Bitcoin	Synthetic	4,180	463	2,319
Ethereum	Physical	9,077	-482	-482
Ethereum	Synthetic	243	66	239
Total		73,621	3,225	19,773

Crypto ETPs domiciled in Rest of the World

In USDm		AUM	1M Flows	YTD Flows
Bitcoin	Physical	2,390	120	40
Bitcoin	Synthetic	136	-3	9
Ethereum	Physical	791	2	-117
Ethereum	Synthetic	74	-2	3
Crypto Basket	Physical	13	0	-1
Total		3,404	117	-65

Source: Bloomberg. 31 July 2024. Actively managed crypto ETPs and ETFs are excluded. AUM = Assets Under Management. MTD = Month to Date. QTD = Quarter to Date. YTD = Year to Date.

Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

Performance: Single Coins

- + Year to date, Solana has outperformed both bitcoin and ether.
- + Out of crypto large caps, bitcoin continues to have the lowest volatility.

YTD Single Coin Performance



	Market Cap	1M	3M	YTD	1Y	Volatility
Bitcoin	\$1,310bn	8%	9%	56%	126%	35%
Ethereum	\$394bn	-2%	11%	44%	78%	52%
Solana	\$83bn	28%	41%	76%	646%	55%
Cardano	\$14bn	5%	-7%	-33%	29%	50%
Polkadot	\$8bn	-10%	-12%	-35%	7%	47%

Source: WisdomTree. 31 July 2024. Volatility is calculated using 3-month daily USD returns and is annualised.

YTD = Year to Date.

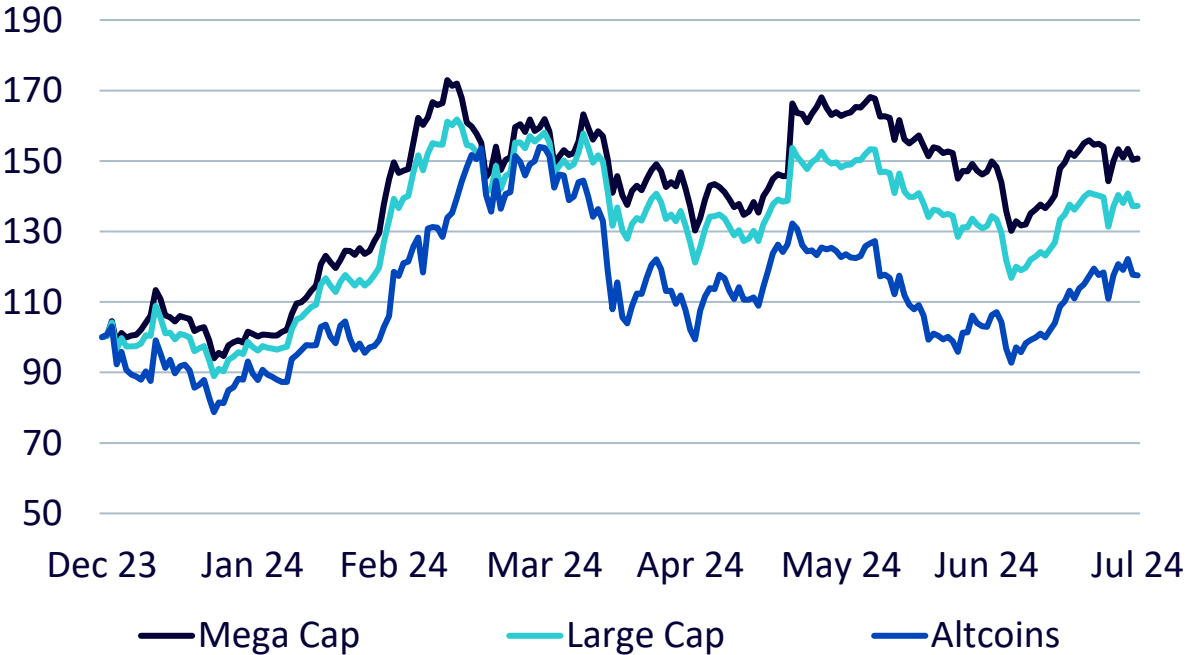
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Performance: Crypto Baskets

- + Year to date, mega cap exposure (50% bitcoin and 50% ether) is leading performance.
- + Altcoins have slightly higher volatility than mega cap or large cap.

YTD Crypto Basket Performance



	1M	3M	YTD	1Y	Volatility
Mega Cap	3%	10%	51%	102%	41%
Large Cap	4%	8%	37%	108%	39%
Altcoins	14%	15%	18%	149%	47%

Source: WisdomTree. 31 July 2024. Volatility is calculated using 3-month daily USD returns and is annualised.

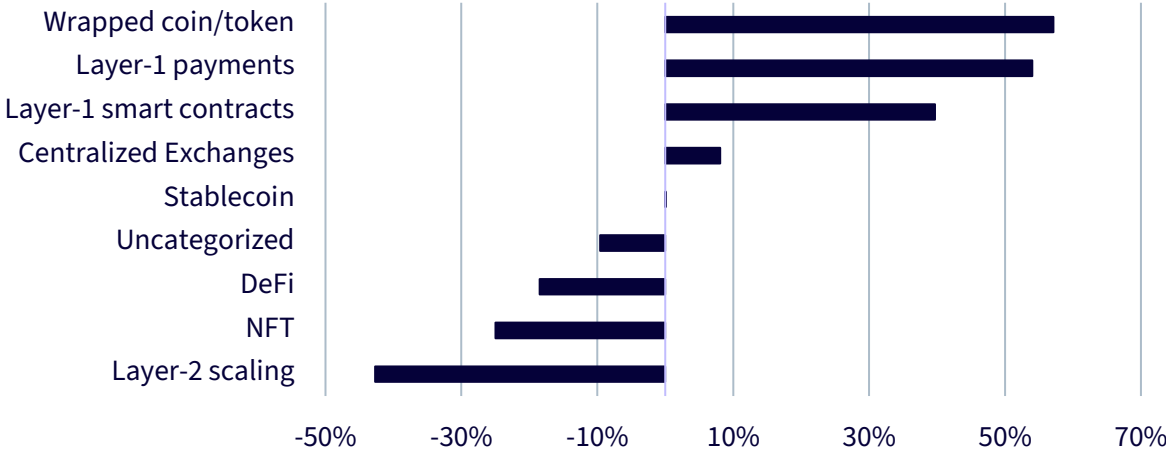
YTD = Year to Date. Mega Cap = WisdomTree CF Crypto Mega Cap Equal Weight Index. Large Cap = WisdomTree CF Crypto Market Index. Altcoins = WisdomTree CF Crypto Altcoins Index.

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Performance: Sectors

+ Year to date, 3 sectors – wrapped coin/token, layer-1 payment, layer-1 smart contracts – are leading performance.

YTD Sector Performance



Sector	1M	3M	YTD	1Y
Layer-2 scaling	-7%	-30%	-43%	-15%
NFT	-8%	-26%	-25%	41%
DeFi	-6%	-15%	-19%	25%
Uncategorized	-3%	-27%	-10%	33%
Stablecoin	0%	0%	0%	0%
Centralized Exchanges	-2%	-13%	8%	34%
Layer-1 smart contracts	1%	2%	40%	98%
Layer-1 payments	9%	3%	54%	114%
Wrapped coin/token	9%	4%	57%	127%

Source: WisdomTree. 31 July 2024.

YTD = Year to Date.

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Correlations

- + Solana and / or altcoin basket are good diversifiers for ether focused portfolio.
- + Correlations between bitcoin and most traditional assets are around or below 20%.

Crypto vs. Crypto

	Bitcoin	Ethereum	Solana	Cardano	Polkadot	Mega Cap	Large Cap	Altcoins
Bitcoin	1.00							
Ethereum	0.70	1.00						
Solana	0.73	0.48	1.00					
Cardano	0.61	0.65	0.59	1.00				
Polkadot	0.58	0.61	0.66	0.76	1.00			
Mega Cap	0.87	0.94	0.64	0.69	0.65	1.00		
Large Cap	0.91	0.89	0.75	0.76	0.72	0.98	1.00	
Altcoins	0.79	0.63	0.94	0.80	0.79	0.76	0.87	1.00

Crypto vs. Traditional Assets

	Bitcoin	Equities	Small Caps	Treasuries	Corporates	High Yield	Commodities	Gold
Bitcoin	1.00							
Equities	0.19	1.00						
Small Caps	0.15	0.69	1.00					
Treasuries	0.10	0.47	0.58	1.00				
Corporates	0.08	0.54	0.60	0.94	1.00			
High Yield	0.18	0.64	0.73	0.86	0.89	1.00		
Commodities	-0.04	0.46	0.38	0.28	0.30	0.39	1.00	
Gold	-0.06	0.32	0.36	0.37	0.35	0.35	0.46	1.00

Source : WisdomTree. 30 June 2024. Correlations are calculated using 3-month daily USD returns.

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Bitcoin in Multi-Asset Portfolio

- + Even small bitcoin allocations, regularly rebalanced, improve risk return profile.
- + Hypothetical portfolio characteristics:
 - + Weighting scheme: constant mix
 - + Start date: 31 December 2013
 - + Rebalance frequency: monthly
 - + Currency: USD
 - + Bitcoin allocation: the table below summarizes 4 example portfolios, for which 1 to 10% have been switched from 60/40 to bitcoin

	60/40 Global Portfolio	1% Bitcoin Portfolio	3% Bitcoin Portfolio	5% Bitcoin Portfolio	10% Bitcoin Portfolio	MSCI AC World	Bloomberg Multiverse	Bitcoin
Annualised Return	5.38%	6.05%	7.37%	8.68%	11.92%	8.64%	0.22%	51.88%
Volatility	8.84%	8.91%	9.19%	9.67%	11.47%	14.02%	5.03%	67.65%
Sharpe Ratio	0.45	0.52	0.64	0.75	0.91	0.51	-0.24	0.75
Beta	69%	70%	73%	75%	80%	100%	23%	179%

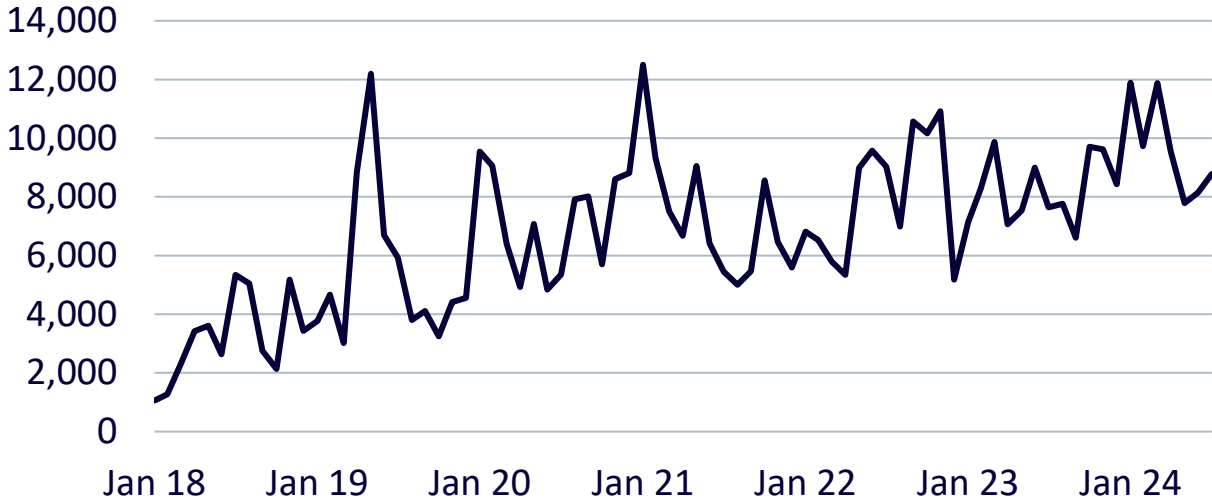
Source: Bloomberg, WisdomTree. From 31 December 2013 to 28 June 2024. In USD. Based on daily returns. The 60/40 Global Portfolio is composed of 60% MSCI All Country World and 40% Bloomberg Multiverse.

You cannot invest directly in an index. Historical performance is not an indication of future performance and any investment may go down in value. Cryptocurrencies are a high-risk investment and may not be suitable for all types of investor. Cryptocurrencies can demonstrate higher volatility than other asset classes.

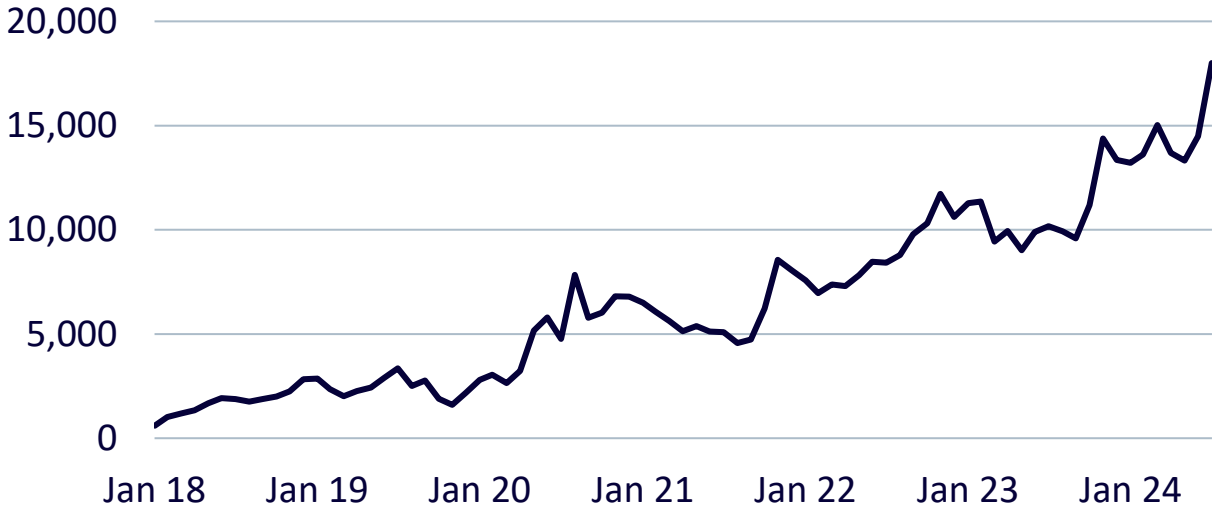
Bitcoin CME Futures

- + No significant change in average volume.
- + Continued high open interest indicates sustained buying interest.

Average Volume USD



Average Open Interest USD



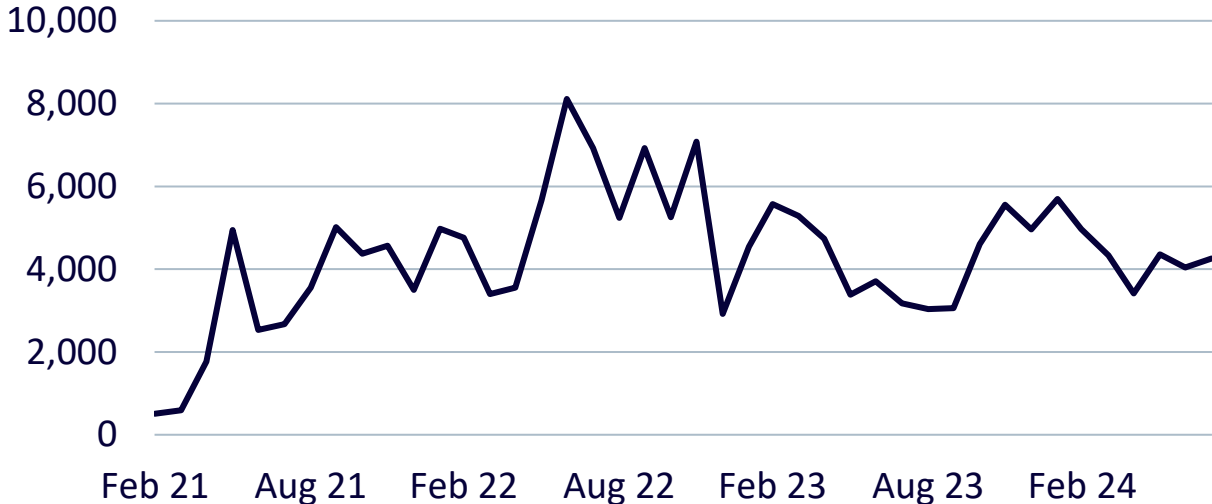
Source: WisdomTree. 31 July 2024. Averages are calculated using 1-month daily data.

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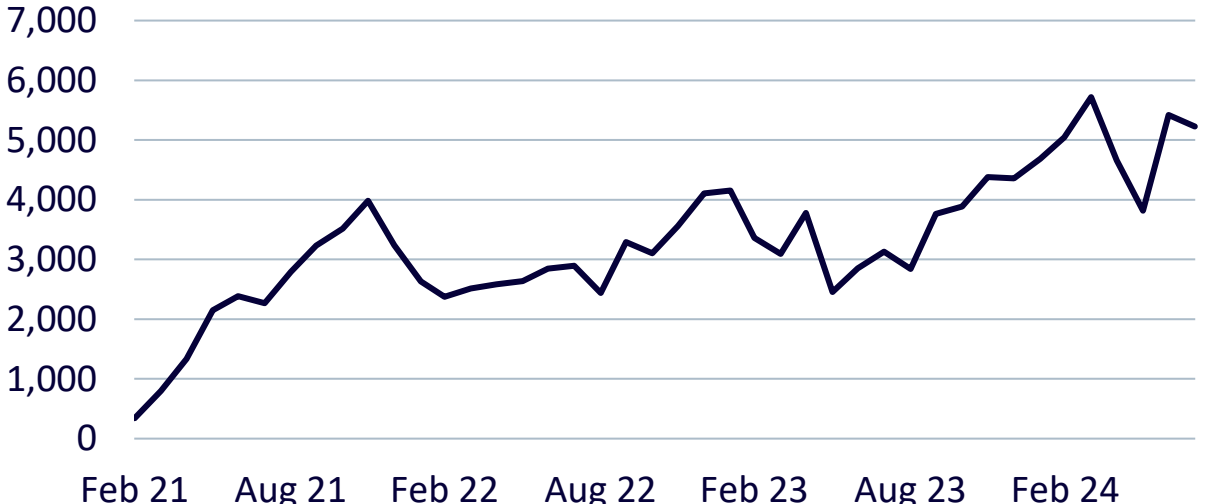
Ether CME Futures

+ No significant change in average volume or open interest.

Average Volume USD



Average Open Interest USD



Source: WisdomTree. 31 July 2024. Averages are calculated using 1-month daily data.

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